

May 11, 2023

Mayor Breed:

Thank you for your recent letter and for your continued focus on our shared aim of providing safe, clean, reliable and affordable energy to our customers in San Francisco. I am responding to your comments about recent outages and the City and County of San Francisco's plan to acquire PG&E's assets in the City.

Recent Outages

At PG&E, we strive to always keep power flowing for our customers. Nevertheless, outages can occur, including from time-to-time outages that last longer than 24 hours. We know that an outage, no matter how small or short in duration, can cause a significant disruption to the lives of our customers. To serve the City during any such events, we provide prioritized restoration (including bringing electric crews from outside of the City), assessment of backup power needs, enhanced customer and stakeholder communications, and other resources before and during power outages to critical facility customers that provide essential public services, such as hospitals, police and fire stations. These measures can help mitigate against long-duration outages, as can customer-owned backup generation.

The outage that began the evening of April 26 in San Francisco impacted 9,454 service connections. PG&E was on scene within 15 minutes of the initial call and immediately started assessing and planning for the restoration as the situation was made safe by the City's first responders. The majority of service connections (8,876) were restored in less than 24 hours. The remaining customers experienced an extended outage and were restored on April 30.

To respond to the outage, we quickly activated our local emergency operations center, which follows the Incident Command Structure (ICS) and is staffed with individuals who are trained in responding to incidents and events.

Impacted customers received direct communication with an initial estimated restoration time and updates as the assessment, repair and restoration process unfolded. As the event progressed and we realized restoration may be extended, we installed a generator at 440 Gateway and looked at temporary generation for additional customers, but it was technically infeasible. Over the weekend, we had company representatives on site who could communicate with customers in language. The team provided water and hundreds of food vouchers to customers who remained without power.

Additionally, we were in frequent communication with CCSF leadership and public safety partners. As part of the emergency protocols, we assigned a single point of contact for City officials (Bill Chiang from our Local Government Affairs team) and a Public Safety Specialist (Jim Wickham) to communicate with CCSF's Public Safety officials. These two individuals communicated with city and public safety contacts more than 50 times over the course of the outage. In addition to the individual outreach they conducted, both Bill and Jim participated in the scheduled SFDEM calls that were held once or twice daily throughout the event.

As mentioned, our teams conduct increased outreach during emergencies, but you always have access to the team should you have questions, ideas, concerns, or escalations outside of the regular updates.

Finally, Aaron Johnson, PG&E's Regional Vice President for the Bay Area region, participated in emergency operations coordination during this event and helped ensure all needed resources were made available for customers and crews performing the work. Aaron Johnson is available to support



in the event of any significant issues, including major outages or emergencies, that occur in the region.

While our teams are still in the process of conducting a full investigation on the cause of the April 26 outage, we have validated that routine scheduled inspections were conducted on the affected equipment, which was operating within normal parameters.

The storm related outage at San Francisco General Hospital in March was longer than desired due to multiple instances of storm damage to the electrical grid in and around the facility. Again, communication between the City and PG&E was robust throughout the event. Aaron Johnson has followed up with San Francisco Public Utilities Commission Assistant General Manager for the Power Enterprise Barbara Hale to explain what transpired and proposed a formal after-action review (AAR), which we are in the process of scheduling. In the meantime, PG&E's customer account manager assigned to CCSF has scheduled an AAR with the SF Department of Public Health next week. This collaborative effort will allow both the City and PG&E to identify opportunities to improve operations and communications, and to reinforce incident command communication channels for the City and hospital, which is SFPUC's customer of record.

As to the 2021 outage at the City's new 911 facility, we recognize the importance of this critical customer and it was among the first sites visited by Aaron Johnson in taking on his regional leadership role two years ago. To ensure the resiliency of this critical facility, we urge the City to consider adding a second electrical connection to this critical facility to increase reliability – a best practice for critical emergency operations facilities. We stand ready to help engineer that resiliency solution to support our customers.

CCSF's Takeover Effort

As you noted, PG&E's core focus is to provide safe, clean, reliable and affordable service to our customers.

We do not believe that the City's attempt to take our assets benefits our customers. In fact, we expect that the City's spending billions of dollars to replace PG&E will detrimentally affect customers inside and outside of San Francisco. This is exactly the position that we have taken in response to the City's petition at the CPUC and why we will continue to contest that takeover effort.

As a preliminary matter, CCSF has substantially undervalued PG&E's assets. The City's 2019 offer of \$2.5 billion does not recognize the true value of these assets. The City's more-recent submission to the CPUC, which reduces that valuation, reflects the City's lack of understanding of our asset base, its value, and the complexity of this work. PG&E has proposed and has already invested or is in the process of investing \$3 billion in capital projects in San Francisco between 2005 and 2025, which alone exceeds the City's offer. Ultimately, we estimate that the true cost of acquiring this infrastructure will be billions of dollars higher than the City's offer, leaving customers in San Francisco to face increased energy bills, decreased city services, and higher taxes to pay for the takeover.

You may be aware that IBEW, Local 1254, the union representing the men and women who currently serve San Francisco, opposes the City's takeover effort, raising serious concerns about the city's ability to recruit a qualified workforce. In the face of climate change and more frequent extreme weather, PG&E leverages a systemwide resource pool to hasten emergency response. A newly formed government-run utility with an inability to recruit qualified talent would lack those resources and stand alone in its response, ultimately reducing reliability and impacting customers.



San Francisco's proposed takeover will also negatively impact our customers outside of San Francisco. Fragmenting the State's energy policy will negatively affect ongoing efforts to advance California's critical climate goals and address wildfire risk, as well as increase other customers' costs, reduce reliability, and impact safety. There are also significant questions about the City's ability to do this critical work given the significant scale and complexities of the assets that the City is proposing to take.

In the face of this ongoing disagreement about who is best qualified and situated to provide electrical service in San Francisco, it is essential that we improve the on-the-ground working relationship between City departments and PG&E to provide the best possible service to the residents of the City. For example, Aaron Johnson and Interim Director of the Department of Public Works Carla Short and our staffs have been working together over the last month to improve PG&E's response to City projects that require utility support, and to provide timely permits to PG&E to perform maintenance work and connect new customers. This sleeves-rolled-up approach to collaboration reflects our desired working relationship.

We are committed to serving San Francisco residents and are prepared to meet to further discuss any concerns related to the recent outage once we have completed our investigation. Sarah Yoell, the manager of our Local Government Affairs Bay Area team will be following up with your office to schedule a time to meet in the near future.

Sincerely,

A handwritten signature in black ink that reads 'Patti Poppe'. The signature is written in a cursive style with a large, sweeping initial 'P'.

Patti Poppe